

Minimum Wage Arguments: Is Surviving Affordable? Hülya Afat

The world has been going through a pandemic and an economic crisis simultaneously for the past year. As we all experienced and observed which jobs are essential for the survival of society, we also realized that most of the essential workers are paid minimum wage. Minimum wage is defined as "the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract" [\(1\)](#); however, it is most likely to be the expected wage in an entry-level job or jobs that do not require "high-skills". Unexpectedly, many countries are adjusting their minimum wages since 2020.

According to ILO (International Labour Organization), 60% percent of the countries adjusted their minimum wages irregularly in 2020. [\(2\)](#) When we look closely at the latest report of ILO [\(3\)](#), we observe the real wages have been increasing in a less inclined trend than labor productivity for the past two decades. This graph shows us that while the workers' productivity (possibly due to the technological advancements) has been increasing, the yearly adjustments of the wages were not fulfilling the additional productivity. Since this unfulfillment has been going on for the last 20 years, making the real wages match the productivity of the workers would take a lot of effort. On top of that, we observed the additional risks and long hours to already not-fairly paid jobs of minimum wage workers for the past year. Expectedly, most of the countries in the world made unplanned changes to their minimum wages in 2020. I will look at some of the most significant and underwhelming modifications that have been done by Switzerland, New Zealand, Turkey, and the US.

Switzerland is a wealthy country, and like most of Europe, tourism is also a significant part of their economy. During the pandemic, many people have lost their jobs or incomes, which made the lines in front of the food banks much longer. The people of Geneva proposed the minimum wage raise as a "people's initiative" and they held a referendum for it. The referendum for the minimum wage to rise to 25\$/hour has passed in September 2020; since then, other cities are preparing to propose their own minimum wage adjustments. The reason why Geneva has increased the minimum wage before any city in Switzerland is that the cost of living in Geneva is higher, and the city's population is mainly employed in the sectors that got affected by the pandemic. Currently, Geneva has the highest minimum wage in the world, besides the fact that the cost of living is also much higher than the average of the world. [\(4\)](#) [\(5\)](#)

New Zealand is one of the countries that got the least affected by the pandemic due to their successful governance, which brought Jacinda Ardern a re-election in September 2020. You may want to read about the correlation between a successful pandemic response and a re-election in one of my past articles [\(6\)](#), where I wrote about both Jacinda Ardern's and Donald Trump's upcoming elections at the time. Even though New Zealand is not destructively affected by the pandemic, their social governance policies continue to support the businesses and the workers who had lost at least a part of their incomes in the past year. At the very early stages of

the pandemic, Ardern and the ministers of her cabinet took a pay cut that lasted 6 months in solidarity with the people. (7) Last month, a series of adjustments were made by the New Zealand government in order to continue supporting and helping the re-opening of the economy. Those adjustments included raising the minimum wage to 20\$/hour and increasing the top tax rate for the richest to 39%. (8)

As we see on the graph above, where the y-axis is the minimum wage in Turkish Liras, and the x-axis is the past ten years, minimum wage adjustments in Turkey have been significant for the past 4 years compared to earlier years. (9) Of course, this trend can be interpreted as a result of the Turkish Currency and Debt Crisis that began in August 2018 where the Turkish lira plunged in value. (10) As the natural result of this crisis, the inflation rates and the cost of living have been increasing despite the inadequate efforts of the government to reverse the crisis. On top of the already continuing economic crisis, the pandemic has been very destructive for almost all of the sectors in Turkey. As shown on the graph above, the minimum wage raise in 2021 is 21%, which is still less than the 26% raise in 2019. We can interpret this as the underplaying of the economic destruction that the pandemic has caused. While all this is happening, the value of the Turkish lira keeps decreasing, which makes the minimum wage raise disappear in terms of commonly used currencies such as US Dollars or Euro. To compare, we can use the last 20 years' data and say that the minimum wage in 2016 was 565\$/month (which is the highest in the previous two decades), and the current minimum wage is 481\$/month. (11)

The US Congress has been planning to increase the minimum wage from 7\$/hour to 15\$/hour since 2019. (12) Shortly after his inauguration, Biden signed an executive order for his team to start working on raising the minimum wage. It was expected to be included in the COVID-19 Relief Package but was taken out in order to pass the relief package immediately. However, Biden Administration did not give up on minimum wage raise, and Biden is expected to sign an executive order this week that will require "All federal agencies to incorporate a \$15 minimum wage in new contract solicitations starting January 30, 2022. A \$15 minimum wage must be included in all federal contracts by March 30." (13) 15\$/hour will be the highest adjusted minimum wage recorded for the US workers according to the graph above. The graph above also shows the decline in the adjusted value of minimum wage in the US since the 1970s, and the current minimum wage levels are very similar to the post-WW2 era.

Every country has its own cost of living, minimum wage, economic system, and political systems. One thing they have in common is the people working day and night for a minimum amount of money to keep surviving and keep working. We should not need a pandemic to realize that the people working for minimum wage should also afford more than surviving, and they deserve to enjoy life also. Every human being, regardless of their jobs and wages, should be able to afford leisure and live a happy life. Paying people just enough for them to survive and come to work tomorrow is mechanizing and dehumanizing. Hopefully, the countries that validated the efforts of minimum wage workers and started paying humanitarian wages will be a good example for others, and many countries will stop exploiting the working class.